India-Sri Lanka relations are based on a deep and abiding sustained by shared historical experience, common civilisation, geographical proximity and ethnic affinity. Keeping in mind the exp of Tamils of India and Sri Lanka and its strategic location in the Indian policy makers have always advocated harmonious rela with Sri Lanka. Historically, India and Sri Lanka share a common colonial heritage under the umbrella of British government prior to their independence in 1947 and 1948 respectively.

India-Sri Lanka relations since independence stand out as a model example of the manner in which two neighbouring states in South Asia succeeded in resolving their disputes and problems through diplomatic efforts. In 1952, the United National Party leaders saw India with distrust towards Britain for Sri Lanka's defence. Sri Lanka signed defence pacts with Britain in 1947 and provided them naval and air bases at Trincomalee and Katunayake. From the Indian viewpoint, the strategic location and their attitude and western approach were not in India's interest. The Tamils of Indian origin caused strain between them. Although Kotelawala's policies were West-oriented yet because of Nehru's personality and actions, the relations between the two remained cordial.

India-Sri Lankan relations got strained when China attacked India in October 1962 and Sri Lanka did not criticise the attack as if China as an aggressor. However, Srimavo-Bhandaranaike made efforts to mediate in the dispute and tried to bring China and India on the same table. After the death of Jawaharlal Nehru on 1964, Lal Bahadur Shastri became the Prime Minister of India. Though Shastri's tenure was short, he tried his best to solve the problems with Sri Lanka.
The relations between India and Sri Lanka received a setback during the India-Pakistan war in December 1971, when Sri Lanka permitted flights from West Pakistan to East Pakistan (now Bangladesh) through Colombo. Indian government stopped Pakistani overflights as it was believed that Pakistani troops were being transported in the guise of civilians.

In the General Elections of March 1977, Indira Gandhi lost power and the first Non-Congress Government in India was formed at the Centre by Morarji Desai. Morarji Desai visited Sri Lanka in February 1979. He addressed a special session of the Parliament. He showed his willingness for cooperation in economic and technical field. During the Janata party rule, Morarji Desai openly criticised those people who were demanding a separate state for Tamils.

After the fall of Morarji Government, Indira Gandhi came back to power in 1980. India-Sri Lanka relations during her second term took a different turn. The personal equation between Indira Gandhi and Jayawardene was not too good. Jayawardene’s largely western approach created trouble for India as Sri Lanka refused to condemn the setting up of an American naval base in Diego Garcia. Jayawardene gave Trincomalee Tank Farm to a Singapore based company secretly linked with USA in 1981 for the renovation and expansion of refueling facilities while the Indian tender for the same was rejected. In spite of this, both the countries showed their commitment for cooperation.

In July 1983, serious ethnic riots took place in Sri Lanka. These riots began the flow of Sri Lankan Tamil refugees into India. Indira Gandhi appointed G.Parthasarthy as her special envoy to help Sri Lanka in solving the Sri Lankan Tamil Conflict. But Jayawardene considered this act as interference and intervention in its internal affairs. Since the riots, the Sri Lankan Government adopted a line in Foreign Policy, which directly affected the security of India. The revival of Defence treaty with UK, the Trincomalee Tank Farm Deal, expansion of scope of the Voice of America, Sri Lanka collaboration with a private British Security Organisation Keeny Meeny Services, having ex-Special Air Services and many such steps created a disharmonious relationship between India and Sri Lanka.
The Tamil Nadu Assembly moved a resolution on 24th October, 1983, expressing condolence for the innocent Tamils who were killed in Sri Lanka. Another thing which gave Tamil Nadu reason to show legitimate interest in the crisis in Sri Lanka was that it was Tamil Nadu had to bear the large number of Tamil refugees. Their number reached around 150,000 after the ethnic riots of 1983.

After 1983 July riots, Jayawardene made frantic appeals to several countries including US, UK, China, Pakistan, Bangladesh, Malaysia and Israel for political and military help. Sri Lanka propogated to these countries that there was a threat to its unity and integrity from Tamil terrorism which was supported and encouraged by the government and people of India. Therefore, the government of India could not remain a passive spectator to mass killing of the Tamils, as Tamils in India were watching government of India's lack of action with anxiety. The people and political parties in Tamil Nadu exerted pressure to force India to save the lives of "their brethren" in Sri Lanka. The Indian government condemned the killing of Tamils in Sri Lanka. Prime Minister Indira Gandhi was forced to take some steps to placate the opinion of Tamil Nadu.

In response to all these developments, Indira Gandhi stated in the Lok Sabha that India did not pose any threat to Sri Lanka and it had no desire to interfere in Sri Lanka's internal matters. But she clearly warned Jayawardene Government that any external involvement in this region would complicate matters for both the countries.

After the assassination of the then Prime Minister Indira Gandhi in November 1984, Rajiv Gandhi assumed power and became the Prime Minister of India. Rajiv Gandhi pledged to strengthen the ties with India's "immediate neighbours in South Asia" and wanted to solve problems "on the basis of mutual respect, sovereign equality and friendship."

A meeting was held between Rajiv Gandhi and President J. R.Jayawardene on 2nd-3rd June 1985 in New Delhi. The two leaders discussed the ethnic issue and its impact on bilateral relations. Both the sides agreed that immediate steps should be taken to defuse the situation and create a proper climate acceptable to all concerned, within the framework of unity and integrity of Sri Lanka. They reaffirmed the traditional friendship
between India and Sri Lanka and the two leaders decided to remain in close touch with each other.

The ethnic crisis of Sri Lanka took a new turn when the LTTE started carrying out its plan to take over the civil administration in the north which was under military control. The question of LTTE’s control over the Jaffna Peninsula and the possibility of their declaring it as Eelam created a bad situation in Sri Lankan Parliament in January 1987. In response to these activities of LTTE, President Jayawardene imposed an economic and communication blockade on the Jaffna Peninsula in January 1987. This caused considerable hardship to the civilian population in Jaffna. Faced with mounting pressure from the hard line Sinhalese and fundamentalists, Jayawardene launched ’Operation Liberation’ in the Jaffna Peninsula in May 1987. In Indian Parliament and in Tamil Nadu, the question of economic blockade and killing of Tamil civilians by Sri Lankan forces outraged public opinion and there was a huge pressure on Rajiv Gandhi, to do something immediately.

On 3rd June 1987, India sent relief supply to Jaffna in a flotilla of 19 fishing boats flying the Red Cross flag. The government of Sri Lanka rejected the supplies and blocked the Indian flotilla’s entry into Sri Lankan territorial water. In a “drastic move” Indian Government sent five Indian Air Force AN-32 transport aircrafts escorted by four Mirage 2000 fighter planes on 4 June, 1987 to Sri Lanka. They dropped twenty five tons of relief supplies in and around Jaffna. During this period, relations between the two countries reached almost breaking point with risk of military confrontation. Later on, due to social and internal pressure and finally an awareness of external realities made the Sri Lankan government come to an Indo-Sri Lanka Agreement on 29th July, 1987. This agreement came about due to compulsion rather than rational perception of the ethnic conflict.

The basic power relationship between India and Sri Lanka is determined largely by the immense disparity in their size (see in detail Chapter No. 1). The specific geo-strategic location of Sri Lanka in the Indian Ocean has been the most important factor in their relations. Tamil factor has always played a major role in India-Sri Lanka relationship. Besides Indian Tamil problem, Sri Lankan Tamil conflict became a major factor in determining
India-Sri Lanka relationship. Supporting Sri Lankan Tamils had become an important factor in Tamil Nadu's internal politics. The emergence of coalition politics at the national level and increasing influence of regional political parties on foreign policy formulation in both the countries over past two decades have infused extra dimension to India-Sri Lanka relationship. The fear and minority complex of the Sinhalese got reflected in the country's foreign policy and relations with India. Misunderstanding and mistrust between India and Sri Lanka resulted in many ups and downs in their bilateral relationship.

II

The first issue between India and Sri Lanka was the problem of stateless persons of Indian origin. (For details, see chapter No. I) It is popularly known as Indo-Sri Lanka problem. This dispute caused strain in India-Sri Lanka relations. This constituted Sri Lanka's central issue in relation to India till the bigger issue of Sri Lankan Tamils' demand for a separate state came up. During the period of British administration, the Tamil were British subjects and enjoyed equal political and civil rights with other people of Sri Lanka.

The relationship between the two countries immediately after their independence was marked with the citizenship problem of the Tamils of Indian origin. The Sri Lankan government under Prime Minister D. S. Senanayake of United National Party in the first Parliament enacted Citizenship Acts of 1948 and 1949. The Ceylon Citizenship Act of 1948 lay down that a person would be entitled to the status of a citizen of Ceylon either by the right of descent or by virtue of registration. The conditions of citizenship were further restricted by the Indian and Pakistani Resident (Citizenship) Act of 1949. These Acts deprived the great majority of Indian Tamils in Sri Lanka of their citizenship rights and franchise. These Citizenship Acts had an immediate impact on India and its domestic politics. Indian government emphasised on dialogue in spite of the provocative Acts of the Sri Lankan government. Attempts were made to resolve the dispute through Jawahar Lal Nehru-Kotewala Pact 1954, Srimavo-Shastri Pact 1964, Srimavo Bandaranaike-Indira Gandhi Pact 1974, but the problem persisted until 9th
November, 1988 when President J. R. Jayawardane Government passed a bill to grant citizenship to all the remaining stateless people of Indian origin. Indian Tamil problem took nearly three decades to finally come to an end amicably.

Secondly, at the time of independence Sri Lanka had unresolved boundary problem with India, involving disputed possession of Kachchathivu. The problem was further aggravated when both the countries extended their limits of territorial waters. In order to resolve the Kachchhativu dispute, a maritime agreement was signed on 26th June 1974 and a boundary line was demarcated. This agreement places the disputed Kachchathivu Island within Sri Lanka’s bounds. The agreement marks the successful culmination of the efforts of the two countries to resolve the long standing problem between them through peaceful negotiations and in a spirit of complete equality, friendship and mutual accommodation. The most important gain of all was that India had won the confidence and understanding of the small Island neighbour by respecting its wishes. A further maritime boundary agreement was signed between India and Sri Lanka in 1976 and the dispute on maritime boundaries with Sri Lanka came to an end.

India did not perceive any direct military threat from Sri Lanka, but the geo-strategic location of Sri Lanka in the Indian Ocean having importance in terms of maritime-trade and security interests of other states, caused security concern to India. The apprehensions also arise from the fears that any third country having inimical interests against India, on gaining a foothold in Sri Lanka can easily access India and carry out its plans. It is therefore in India’s interests that there is political, social and economic stability within Sri Lanka so that Sri Lanka is not vulnerable to any external pressure which occurs due to instability. On the other hand, if India’s security interests are to be safeguarded; it is also essential that Sri Lanka do not adopt such policies externally and internally that overlook India’s concerns. Keeping in mind Sri Lanka’s geo-strategic location in the Indian Ocean, Indian policy makers have always advocated harmonious relations with Sri Lanka.

India-Sri Lanka relations are also, in the post LTTE era, affected by the regional power dynamics, with external powers seeking to increase their own, and counter the influence of others. India is the most important foreign
supporter of Sri Lanka, and remains its largest trading partner. China is currently one of Sri Lanka’s major military suppliers, but also has a potential for economic investments and infrastructure projects, the United States having its own agenda for retaining its influence. While Pakistan is playing for high stakes in Sri Lanka with Chinese help to queer the pitch for India, the Russians too are keeping a hawk eye on any activity in the Indian Ocean. Pakistan’s engagements in Sri Lanka are also strategically sensitive to India. Strategically, it is in India’s interest to keep its rivals out of its sphere of influence. India needs to invest more in Sri Lanka to keep China out of its zone of influence. India and Sri Lanka sought to eliminate these threats through various bilateral agreements.

Still, differences persist on fishing rights of Indian and it has been decided by both the governments to address the issue amicably. With the help of India and the international community, Sri Lanka is making every effort to resettle Internally Displaced Persons and refugees.

III

The ethnic conflict in Sri Lanka was the result of continued discrimination against the Tamils by successive Sri Lankan governments. This discrimination was indulged in for vested political interests of majority community i.e., Sinhalese. The Sinhalese have been, and are, the majority community in Sri Lanka; therefore no government could stay in power without paying special attention to the wishes of this community. The Sinhalese, because of ethnic differences, have been hostile to the Tamil rights from the beginning, and have been demanding special rights for themselves and curbs on the Tamils. When the Tamils organised themselves and opposed the system, they were not listened. This continued disregard by Sri Lankan governments of the just Tamil objections and aspirations slowly pushed the moderates, in the Tamil movements into the background and brought the militants to the forefront. In the process, the demand for a separate Tamil State ‘Eelam’ was raised.

It is observed that India’s response towards ethnic conflict in Sri Lanka has undergone several twists and turns during the post-independence period. From a policy of active involvement during 1987-1990, Indian government in
the post 1990 phase took a hands-off policy after assassination of Rajiv Gandhi. However, given the geographical proximity and ethnic affinity; India cannot isolate itself from the developments in Sri Lanka. The events between 1983 and 1990 marked the most troubled and conflictual years in the India’s response to ethnic conflict in Sri Lanka. India’s involvement had embittered its relationship with both the government and people of Sri Lanka.

The study of India-Sri Lanka relations shows that India’s involvement in Sri Lanka between 1983 and 1990 was unavoidable not only due to the ramifications of Sri Lanka’s oppressive and discriminatory policies against its Tamil citizens but also in terms of India’s national security concern due to the Sri Lankan government’s security connections with US, Pakistan and Israel and India’s sincere desire to safeguard the unity and territorial integrity of Sri Lanka. From 1983 to 1990, the objective of India’s involvement in Sri Lanka was two fold. India wanted to help Sri Lankan government and the Tamils to evolve a workable solution to the ethnic conflict as it was wary of the emergence of a Tamil ‘Eelam’ nation out of Sri Lanka. At the same time, India also wanted to prevent Sri Lanka turning into cockpit of American domination intruding in India’s sphere of influence.

The government of India had been, right from the beginning, interested in a negotiated political solution to this ethnic conflict, and it had been urging the Sri Lankan government to arrive at such a solution. India did not want a separate state to emerge in Sri Lanka, as it could have fuelled a separatist Movement in Tamil Nadu. India also did not want the foreign personnel and equipment in and around Sri Lanka which would have jeopardized India’s geo-security. No doubt on 29th July, 1987 Indo-Sri Lanka accord accommodated a number of demands of Sri Lankan Tamils without conceding them a separate home land and prevented the entry of foreign elements in Sri Lanka. Indian Government sent IPKF under the agreement which made sincere efforts to bring down the separatist movement but IPKF were withdrawn without fulfilling its mission on account of various pulls and pressures. Indian soldiers lost their lives to save the unity and territorial integrity of Sri Lanka. The most tragic consequence of 1987 agreement was the assassination of Rajiv Gandhi by LTTE.
In the post 1990 phase, India has adopted a new pragmatic policy of non-intervention in ethnic conflict. It is a reiteration of the Indian government’s commitment to protect Sri Lanka’s unity, sovereignty and territorial integrity. While refusing to play any direct role in the conflict, India’s consistent position has been in favour of, “a politically negotiated settlement acceptable to all sections of Sri-Lankan society within the framework of an undivided Sri Lanka and consistent with democracy, pluralism and respect for human rights.” Over and over again, India conveyed to the government of Sri Lanka that peace through war is not a good option and unsustainable in the long run. India adopted indifference over the ethnic conflict and declined to play any direct role in resolving ethnic conflict irrespective of the Sri Lankan request for help. India’s non-intervention policy has resulted in the involvement of extra-regional powers in resolving the ethnic conflict. The ethnic war continued till the defeat of the LTTE by the Sri Lankan forces with the tacit support of India.

In the post-LTTE era, a frictional chapter in India-Sri Lankan history has come to an end. It is time for India and Sri Lanka to start a new chapter with renewed vigour and vitality by rigorous co-operation in various fields. It is likely that this period would not see the policy of intervention but rather of mutual trust and harmony. In this period both countries agreed that with the end of military operation in the Sri Lanka, the time is opportune to focus attention on issues of relief, rehabilitation, resettlement and reconciliation, including a permanent political solution.

Indian Prime Minister Manmohan Singh noted on 9th June 2010 in his reply to the debate on the motion of thanks to the President’s address to the joint session of Parliament, that the Tamils’ problem was much larger than the LTTE and hoped the Sri Lanka government would show imagination and courage in meeting the legitimate concerns and aspirations of the Tamil people. Prime Minister told parliament that India has made it known that it has no intention of instructing Colombo on the political front but is ready to play an active part in the relief and rehabilitation of the IDPs and has earmarked Rs 500 crore for the purpose. Prime Minister stated in the parliament,

“We are willing to do more to restore normality and to help such people return to their rightful home and occupations.”
India’s bilateral relationship with Sri Lanka could be strengthened even further with the end to the military conflict. It has been aptly described by president of Sri Lanka Mahinda Rajapakse India as relation (relative) and other states as friend.

There is consensus within an outside Sri Lanka that with the LTTE out of the way, a golden opportunity has presented itself before the government to work towards a just, honourable and durable political settlement of the ethnic conflict. In the post-LTTE era, without devolution, the internal situation in Sri Lanka would continued to be restive. This could have fall on the Tamil Nadu situation. In the Post civil war period if the relationship between Tamils of the Tamil Nadu and Tamil of Sri Lanka’s channel into a positive and vibrant force, a previously constraining force on India-Sri Lanka relations could transform into a promising connection that draw the India and Sri Lanka close together.

It is imperative that India adopts a pro-active policy towards Sri Lanka, in order to not only save the Tamils but also for its own enlarged security reasons. Economy aid could be a big trump card in India’s foreign policy. India’s Prime Minister Manmohan Singh has congratulated the President of Sri Lanka, Mahinda Rajapaksa on his re-election as President on 26th January, 2010. Prime Minister Manmohan Singh reiterated,

"We have time tested ties of friendship and co-operation. I look forward to working closely with you to further strength our close and multidimensional bilateral relations in the coming years."

In the post LTTE era, India wants government of Sri Lanka “to put forward a credible devolution package at the earliest”. India has deep interest in peace and stability in Sri Lanka. Peace in Sri Lanka can only contribute to further deepening and expansion of India-Sri Lankan ties to mutual advantage.

IV

Economic relations between India and Sri Lanka, which date back to pre-colonial times, began to pick up in the 1990s with the liberalisation of Indian economy. In the post 1990 period, consistent efforts have been made by India and Sri Lanka to upgrade bilateral economic relations. In post 1990
phase, India and Sri Lanka have established, a dense bilateral network of institutions and mechanisms so as to ensure sustained cooperation irrespective of domestic politics and changes in the external environment of the two countries. An Agreement was signed between India and Sri Lanka in July 1991 to establish an Indo-Sri Lanka Joint Commission. Its sub commissions included those on trade, investment and finance, science and technology. A significant development in the post 1990 phase is that a large legal framework is provided by ISFTA on 28th December 1998, with an overall objective to promote trade and economic relations between the two countries and to promote FDI. It entered into force from 1st March, 2000. Other legal frameworks are: a Double Taxation Avoidance Agreement, a Bilateral Investment Protection and Promotion Agreement, and agreements/MoU on Air Services, Small Development Projects, and Co-operations in small scale industries, Tourism, Information Technology, Agricultural, Education, Roads, Highways, Science and Technology.

In addition to the legal framework, there is now an institutional framework in the form of the India-Sri Lanka joint commission, a dispute settlement mechanism and frequent contacts at the political level, including at the highest levels. The President, Prime Minister and Foreign Ministers of both the countries are engaged in bilateral discussion covering the entire gamut of the bilateral relationship. There is regular institutionalised dialogue at all levels of government including Foreign Secretary-led consultations, commerce secretary level talks between customs authorities, fisheries officials, the Navy/Coast Guards etc. In this new phase, both the nations realised that restrictions on trade between the two are detrimental to their economic growth and prosperity. They also realised that relaxation of the restrictions, abolition of tariffs and lifting restrictions on free movement of manufactured goods and services minimize the illegal trade between the two countries.

The ISFTA which was signed at the highest political level marked an important milestone in India-Sri Lanka relations and trade relations in particular, as it concretised and paved the way for closer economic integration. It is expected to bring about enhanced trade between the two countries as well as to expanded and diversified cooperation in a range of economic spheres, including investments. The agreement provides for duty
preference access for the goods manufactured in two countries. Both the
countries have listed products for immediate duty free entry into each other’s
territories. India has agreed to phase out its tariffs on a large number of items
within a period of three years. Both the countries have drawn up negative lists
in respect of which there are no duty concessions. Both the countries intend
to reduce the items in the Negative List through periodic consultations.

The overall trade turnover has grown five times since the entry into force
of the ISFTA. India is now the largest trade partner of Sri Lanka. Sri Lanka
has also emerged as India’s largest trade partner in South Asia, displacing
Bangladesh from that position a few years ago. Sri Lankan exports to India
have grown 10 times while Indian exports, mostly on the non-FTA route, have
grown by 5 times. ISFTA has facilitated two way trades between India and Sri
Lanka. India was the second largest exporter to Sri Lanka before the FTA and
is now the largest exporter to Sri Lanka. But, more important, India became
the third largest export destination for Sri Lankan products (rising from 16th
rank) as a result of FTA. ISFTA has enabled Sri Lanka to export new products
where Sri Lanka did not traditionally have capacities. While the trade gap has
expanded due to faster growth rate of Sri Lankan exports.

Sri Lankan exports to India are mainly non-traditional items such as
vanaspati, copper and marble that have benefited from the FTA. An indicator
of relative benefits of the FTA to the two countries is that more than 90% of
Sri Lankan exports gain from FTA concessions as against only 45% of Indian
exports to Sri Lanka receiving the same benefits.

In terms of investments, too, in the post 1990 phase, India maintained its
position as one the leading investors in Sri Lanka. According to latest figures
from the Board of Investment of Sri Lanka, India is among the top five overall
investors in Sri Lanka. Investments from India picked up rapidly after the
signing of the FTA. India already have many leading Indian companies
operating in Sri Lanka such as the TATAs (Taj Hotels, VSNL, Watawala tea
plantations), Ashok Leyland, Ultratech, Nicolas Piramal, CEAT, L&T, Taj
Hotels, Lanka LOC. In addition, there are four Indian Banks, the LIC, and
education service providers like NIIT and MAFOI. Most of these investments
happened in the aftermath of the ISFTA and were driven to a large degree by
the opportunities generated by the ISFTA.
The post 1990 phase has also witnessed a rising trend in Sri Lankan investments into India. Main Sri Lankan investments in India include confectionaries (Ceylon Biscuits-Munchee Brand) beverages, (Carsons Cumberbatch), Garments (Brandix's, Textile City in Vizag and MAS holdings in Nellore), Hotels (John Keels, Hayleys, and Aitken Spence), furniture items (Damro), porcelain (Dankotuwa), Tyres (Ceat-kelani), shipbuilding (Colombo Dockyards), logistics (DRH Logistics and Freight Links International).

India is active in a number of areas of development activity in Sri Lanka. The last four years have witnessed extension and utilization of credit lines amounting to US$281 million. These credit lines have been utilised for wheat, buses, petroleum products, commodities and consultancy services. India is participating in infrastructure development in Sri Lanka. A line of credit of US$ 100 million has been extended for the refurbishment of the southern railway corridor from Colombo to Matara. A number of development projects are also implemented under 'Aid to Sri Lanka' funds.

Upcoming investment projects for which Sri Lankan Board of Investment approvals have been obtained involve and investment of approximately US$ 364 million. As a continuation of this trend, in January 2009, Bharti Airtel launched its services as the fifth mobile operator in Sri Lanka, which is about US$ 150 million and projects in real estate and infrastructure development sector which is about US$ 58 million and US$ 122 million respectively. Another Indian company, Britannia, started its operations in Sri Lanka in 2009 to bring its famous confectionary brand to Sri Lanka. Lanka LOC expanded its operations by setting up a Lube Plant, and another venture Piramal Glass started its new plant in Horana to manufacture glass in Sri Lanka. Tie-ups with Indian companies were also announced in real estate sector and for setting up IT Parks in Sri Lanka. The notable names include L&T which is in luxury apartment construction and NEB Ltd, a Bangalore based company that is into apartment construction and is working on a project for Metro construction in Colombo.

Although there is economic co-operation between India and Sri Lanka and it is growing over the years and ISFLTA is a significant step forward but a lot more needs to be done in the near future. There is a scope for improvement. At present, there are a large number of items in the negative lists as well as
quantitative restrictions which can be done away with. India and Sri Lanka are competitors in the international market for tea, rubber, spices, garments and textiles and agricultural products. India and Sri Lanka have also some trade related problems like; rules of origin problem, threat to similar domestic products, non competitive sectors also included in negative list, and unauthorised trade etc. The governments of India and Sri Lanka also felt that more action was required to unleash the full potential of our bilateral economic relations. Accordingly, in June 2003, the two governments decided to set up a Joint Study Group to explore possibilities of starting negotiations for a Comprehensive Economic Partnership Agreement. Both countries after thirteen rounds of negotiations jointly announced in July 2008 that CEPA agreement was fully negotiated and ready for signature. CEPA is expected to build on momentum generated by the ISLFTA. CEPA seeks to extend bilateral opening beyond trade in goods, to include services, investment and overall economic co-operation. It will address some of the issues that have come up in the implementation and operation of the ISLFTA as well. It will impart renewed impetus and synergy to bilateral economic relations. CEPA aims at creating a more facilitating environment for Sri Lankan exports and seeks to remove some of the perceived impediments to exports from Sri Lanka.

V
(a) India-Sri Lanka: Changing Political Relationship

In the post 1990 era, the sharply improving economic co-operation between India and Sri Lanka has its roots in the maturing political relationship. India’s clear, sincere and abiding commitment to the unity, sovereignty and territorial integrity of Sri Lanka and its support for a peaceful, negotiated settlement for the Sri Lanka ethnic conflict put animosity behind and sowed the seeds for the process of eliminating all irritants in the political relations between the two countries. Keeping in view India’s changing foreign policy perceptions and India’s earlier experience from 1987-1990 and particularly after the assassination of Rajiv Gandhi India has changed its policy towards Sri Lanka from intervention to non-intervention.
In the General elections of 1991, the Congress Party came back in power and P. V. Narasimha Rao became the Prime Minister of India. After assuming power, Rao declared his Sri Lankan policy that; India would not desire to take any active part in resolving the problems of Sri Lanka. These problems would have to be solved by Sri Lankans themselves, regardless of whether they are Sinhalese or Tamils. At the bilateral level, India showed more interest in developing of framework for a working relationship with Sri Lanka, rather than identifying itself with Sri Lankan Tamil cause.

President Chandrika Kumaratunga paid a significant visit to India in March 1995 and laid the base for close relation with India. Later on I. K. Gujral became the Prime Minister in late 1997. He clearly understood the importance of maintaining friendly relations with the neighbours. That is why he introduced set of five principles popularly known as ‘Gujral Doctrine’ to guide the conduct of foreign relations with India’s immediate neighbours. Under this, India granted trade and other concessions without expecting reciprocity.

After the midterm elections in 1998, Bhartiya Janta Party along with its alliance (National Democratic Alliance) came to power at the Centre. As soon as Atal Bihari Vajpayee became the Prime Minister of India, the Sri Lankan representative was among the first to reach India. India reassured Sri Lanka that it respected the sovereignty and integrity of Sri Lanka and it had no intention to intervene in its internal affairs.

The Indian Prime Minister Atal Bihari Vajpayee visited Sri Lanka to attend the 10th SAARC Summit. He said that India would be willing to conclude bilateral Free Trade Agreements with the member countries. By the end of December 1998, President Kumaratunga’s visit to India resulted in the conclusion of the historic Indo-Sri Lanka Free Trade Agreement.

In February 2002, Prime Minister Ranil Wickremesigane and the LTTE chief, Velupillai Prabhakaran signed a Ceasefire Agreement and a MoU to take the peace process forwards, India welcomed this Agreement. India has supported the Norwegian facilitation in the peace process in Sri Lanka departing from its traditional and antagonist policy against the involvement of external powers in South Asia. Inevitably, the changes in India’s strategic perception were reflected in its approach to Sri Lanka’s wars against the LTTE, particularly after the failure of the peace process 2002.
In November, 2005 Mahinda Rajapakse of SLFP was elected president with the support of two staunch anti-LTTE political parties JVP and JHU who demanded a military solution to the ethnic conflict. Like previous governments, the administration of President Mahinda Rajapaksa accords the highest priority to India-Sri Lanka relationship and the president has visited India on five occasions, since assuming the office in November 2005. The relations between India and Sri Lanka have become stronger during the tenure of Prime Minister Manmohan Singh and Sri Lankan President Mahinda Rajapaksa. The maturity of relations is evident from Sri Lanka’s strong support to India for a permanent seat in the United Nation Security Council.

In January 2006, the Sri Lankan government launched a military campaign to root out the LTTE. After a 30 months long military campaign, Sri Lankan armed forces have ultimately defeated the LTTE and freed the nation from three decades of terror in May 2009. 80,000 people were officially listed as killed during the three decade of ethnic conflict. The end of military conflict with the LTTE has brought Sri Lanka to a major turning point in its history. India’s tacit support to President Mahinda Rajapaksa’s Government to bring the ethnic conflict under control resulted in the success of the effort to dismantle the LTTE.

It is imperative that India adopts a pro-active policy towards Sri Lanka, in order to not only save the Tamils but also for its own enlarged security reasons. Economic aid could be a big trump card in India’s foreign policy.

In the post-LTTE era, both countries agreed that with the end of ‘Eelam’ war in Sri Lanka, the time is opportune to focus attention on issues of relief, rehabilitation, resettlement and reconciliation, including a permanent political solution to the protracted ethnic conflict and further develop close and multidimensional bilateral relations in the coming years. In the post 1990 phase a frictional chapter in India-Sri Lanka relations has come to an end. It is time for India and Sri Lanka to start a new chapter with renewed vigour and vitality by rigorous co-operation in various fields.
(b) Influence of Tamil Nadu Politics on India-Sri Lanka Relationship

Tamil Nadu politics has always played a major role in India-Sri Lanka relations. Ethnic affinity between the Tamils of Tamil Nadu and the Indian Tamils in Sri Lanka is important factors which influence the bilateral relation between India and Sri Lanka. A special emotional attachment was always there between the residents Tamils of Tamil Nadu and Tamils of Northern-Eastern province and Indian Tamil of central hills. And this is the reason why any incident against Tamils in Sri Lanka provoked a sharp reaction in Tamil Nadu. Supporting Sri Lankan Tamils had become an important factor in Tamil Nadu internal politics.

Despite their internal differences and mutual hatred for each other, the Dravidan parties DMK and AIADMK had taken a nearly common stand on the Sri Lankan Tamilian issue. Tamil Nadu Parties keep making subtle shifts in their stand according to the changing condition in Sri Lanka. The attitude of the AIADMK and DMK was determined and is still being determined by the imperatives of the democratic politics here. The other factor that have played a decisive role is the distance or otherwise of a particular party from the position of power at Tamil Nadu and in the centre.

The government of Tamil Nadu has always expressed their concern towards the welfare of the Indian Tamils to the centre Government and to the outside World. When Citizenship Act of 1948 was passed by the Sri Lankan Government, the feeling of Tamil Nadu over the Act was conveyed to the centre through a motion passed by the representatives of various political parties in the State Assembly. At the same time, the Tamil Nadu state government indirectly reflected its desire to participate or at least assist the centre in its dealings with the Indian Tamils problem.

During the language riots in Sri Lanka, the Working Committee of the DMK in Tamil Nadu condemned the indifference of the Government of India on this issue and its failure “to protect the Indian Tamil minorities in Ceylon.” It called upon the Government to shed its inaction and to take necessary interest and action in this matter. During this period the Congress party regarded the Indian Tamil problem as a foreign policy matter under the
purview of the centre and conveyed its concern to the centre because of opposition pressure. The role of Tamil Nadu was peripheral in influencing India-Sri Lanka relations.

Thus, the domestic politics in the state had its influence in the bilateral relations. The ethnic affinity among the Tamils had its bearing on the domestic politics of India. The State's participation in the issues involving the Tamils of Sri Lanka was intensified whenever the Tamils were affected in the island. The various internal developments in Sri Lanka spillover on Tamil Nadu's attitude towards the Tamils problem and this in turn automatically had affected the bilateral relations.

The era of coalition governments, which began in 1979 at the centre, brought about salutary changes. The regional partners began to make inputs into the making of foreign policy. The Janata government in the centre did not allow the issue to strain the relations between Indian and Sri Lanka. Possibly its adherence to non-interference in the affairs of its neighbours.

It should be noted here that the pressure given by Tamil Nadu varied in accordance with the domestic situations in Sri Lanka and India. Whenever there was a problem or crisis in Sri Lanka affecting the welfare of the Tamils, the political parties of Tamil Nadu generally raised their voice in support of them. At the same time, some of the political parties of Tamil Nadu tried to project their own image as the custodians of the affected Tamils in Sri Lanka. While voicing their concern in the Legislative Assembly along with other parties, the leaders of the various political parties, particularly of the DMK and the AIADMK tried their best to attract the attention of the public towards their individual efforts. For example, following July 1983, riots Karunanidhi and Anbazhagan resigned from Legislative Assembly to protest against New Delhi's lukewarm response to the sufferings of Sri Lankan Tamils. On 27th August 1983, the DMK passed a resolution, which stated that a "separated Tamil Eelam shall be the only remedy and paramount solution". It appears that the DMK wanted to sentimentalise the Sri Lanka issue.

The DMK, in the long years when it was in opposition, used to be severely critical of the politics and programs of the central government; more relevant from the regional perspective, the Party used to accuse the AIADMK
government of sacrificing the interests of the Tamil brethren across the Palk Strait.

In the post 1990 phase, after the IPKF withdrawal and particularly after assassination of former Prime Minister Rajiv Gandhi by the LTTE on 21st May 1991, alienated the popular support for Sri Lankan Tamils and militants in India. India declared LTTE as an unlawful organisation and took severe action against its supporters. The sympathy and support that the Sri Lankan militants, refugees and ordinary civilians enjoyed, was evaporated immediately. AIADMK and DMK began to delink themselves from the LTTE. The cumulative result was, except for the fringe elements of ardent LTTE supporters, the politicians in Tamil Nadu did not get actively involved in the political developments in Sri Lanka. As a result, the influence of Tamil Nadu in India’s Sri Lanka policy decreased considerably.

The signing of the ceasefire agreement in Sri Lanka on 22nd February 2002, led to the de-escalation of the conflict, which brought a welcome relief to the people in Tamil Nadu. However, renewed violence after the breakdown of the peace process in late 2003 changed the situation in north and east Sri Lanka and also in Tamil Nadu. The sympathy for the Tamil cause continued to rise and peaked in 2006. Popular outrage in Tamil Nadu against the Sri Lankan government’s air attack at Sencholai orphanage, in Vallipunam in Mullaithivu district, on 14th August 2006, and a subsequent attack on the school for internally displaced people at Vaharal in Batticaloa on 8th November 2006, led to the resurgence of the Sri Lankan Tamil issue as an important factor in India Sri Lanka relations.

Almost all the political parties came together in support of the Sri Lankan Tamils. Describing the Sri Lankan Air Force raid on an orphanage as 'barbaric, uncivilised and inhuman', the Tamil Nadu State Assembly observed two minutes' silence for the victims, and strongly condemned the raid through a unanimous resolution on August 17, 2006. When Colombo criticised the action of the Tamil Nadu Assembly, Chief Minister Karunanidhi defended the right of the Tamils in Tamil Nadu to stand by their brethren in Sri Lanka and said, “If Tamils condemning the killing of their Tamil brethren was dubbed as mistake, and then they would continue to commit it”. Karunanidhi also remarked that there was a need for 'rethinking' India's policy towards Sri
Lanka. In fact, the assembly resolution was important because it was probably for the first time, since the killing of Rajiv Gandhi, that the Tamil Nadu State Assembly criticised the action of the Sri Lankan government unanimously. Even political parties like Janta Party, headed by Subramanian Swamy, known for their strong anti-LTTE position, were subtle in their response in view of the growing sympathy for Tamils in Sri Lanka. Similarly, the Tamil Nadu branches of the CPI, CPI (M) and the Congress, which are quite vociferous against the LTTE and pro-LTTE groups, condemned the attack on children in the strongest terms. Even anti-LTTE leaders like Jayalalitha showed surprising restraint towards pro-Eelam groups like MDMK.

All this suggests that there was a definite change in the approach of these political parties towards the Sri Lankan Tamil cause. Given the tremendous upsurge in sympathy towards Sri Lankan Tamils, political parties in Tamil Nadu might have considered it safe to join the popular wave. Pro-Eelam groups like MDMK, PMK, Dalit Panthers of India, Dravida Kazagham and TNM became more active in highlighting the atrocities of the Sri Lankan government and the sufferings of Tamils through regular protests and demonstrations in the state.

As the conflict got intensified and the war against the Tigers degenerated into war against Tamil civilians, the political parties in Tamil Nadu began to step up their agitation. Even Jayalalitha, the leader of the AIADMK, who used to scrupulously avoid any mention of Sri Lanka in her statements, began to speak about the atrocities against the Sri Lankan Tamils. Obviously, she did not want her party to get alienated from the public opinion. The competitive politics got further sharpened as the polling day began to approach the general feelings in Tamil Nadu. The shrewd politician that Karunanidhi is, he resolved to express concern for the sufferings of the Sri Lankan Tamils, while at the same time extending solid support to the central government’s policies on Sri Lanka. The end result was the DMK completely toeing the central line on Sri Lanka issue. After brief and concise summary of India and Sri Lanka relations, the following are some concluding observations of this study.
Some Observations and Suggestions

- There have been shifts and qualitative changes in the pattern of relationship between India and Sri Lanka marked by mutual differences, irritants, cooperation and friendship. In the pre 1990 phase, Sri Lanka’s pro-western attitude, ‘Defence Pact’ with England, security interests of India and Sri Lankan Tamil problems were irritants between India and Sri Lanka. In the post 1990 phase, both the countries have developed adequate strength to withstand the stresses and strains which is a notable feature of their relationship. Both the governments have tried to end misperception and promote mutual trust and understanding. India’s clear, sincere and abiding commitment to the unity, sovereignty and territorial integrity of Sri Lankan and its supports for a peaceful, negotiated settlement for the Sri Lankan ethnic conflict has put animosity behind and sowed the seeds for the process of eliminating all irritants in political relations between the two countries.

- The ethnic conflict in Sri Lanka was the result of continued discrimination against the Tamils by the successive Sri Lankan governments. In the post independence period, Sri Lankan governments due to their electoral imperatives adopted discriminatory policies against Indian and Sri Lankan Tamils by denying them, their legitimate, civil and political rights. For example, Citizenship Act of 1948 and 1949, the 1956 official Language Act—“the Sinhala only” as an official language and again May 1972 new constitution afforded Buddhism the “foremost place” in the state. The inability of any Sinhalese government to implement any agreement signed between government and Tamils to solve the problems of Tamils is due to power rivalries between the UNP and SLFP. To be popular among the majority Sinhalese, the party in the opposition always opposed any concession to the Tamils proposed by the ruling party.

- India’s involvement in Sri Lanka from 1983 to 1990 was unavoidable. It was not only due to the ramifications of Sri Lanka’s oppressive and discriminatory policies against its Tamil citizens but also in terms of India’s national security concern. Despite Sri Lankan government’s security connection with US, Pakistan and Israel, India has declared its sincere desire to safeguard the unity and territorial integrity of Sri Lanka. On the other hand, India has also
wanted to help Sri Lankan government and the Tamils to evolve a workable solution to the ethnic conflict.

- **Strategic divergence between India and Sri Lanka was the fundamental cause for bilateral tensions.** Geo-strategic location of Sri Lanka in the Indian Ocean and Sri Lanka strategic relationship with external powers affected her relations with India. Sri Lanka 'Defence Pact' with England, the involvement of the covetous glances from western powers at the Trincompee Port, the induction of British Keenie Meenie Services, the South African mercenaries, and the Israeli Mossad to help Sri Lankan army fight against the militants, and the training of the Sri Lankan soldiers in Pakistan, all these posed a big threat to regional stability and India's unity integrity and security. Post LTTE era is also affected by the regional power dynamic, with external powers seeking to increase their own, and counter the influence of others. For example, China is currently one of Sri Lanka's major military suppliers, but also has a potential for economic investments and infrastructure projects, the United States having its own agenda for retaining its influence. While Pakistan is playing for high stakes in Sri Lanka with Chinese help to queer the pitch for India, the Russians too are keeping a hawk eye on any activity in the Indian Ocean. External powers engagements in Sri Lanka particularly China and Pakistan are strategically sensitive to India. Strategically, it is in India's interest to keep its rivals at bay.

- **A key reason for India-Sri Lanka relations to improve dramatically since the mid 1990's was the change of leadership in both the countries** (as power moves from the J. R. Jayewardene of the United National Party to Chadraka Bandaranaike Kumuratuna of the Sri Lanka Freedom Party after 17 years). Following the General Elections in India, the Congress party led by Rajiv Gandhi was replaced in New Delhi by the National Front Government headed by Vishwanath Pratap Singh. It must be stated that the leadership in both the countries should be given credit for taking the bilateral relations to such a new height.

- **India’s pragmatic policy of non-intervention in the internal affairs of Sri Lanka has contributed to removing the cultivated fear complex of Sri Lanka.** Sri Lanka's commitments towards India's security concern has meant that for the
first time the government and the people of Sri Lanka, have started considering India as an asset rather than a threat. This has ultimately led to improvement of political relations between the two countries.

- In the post 1990 phase, India-Sri Lanka have more pragmatic economic relations which lead to unprecedented growth. A significant development in 1998 is that a large legal frame work for economic relationship is provided by ISFTA and the Institutional framework for the relationship is provided by India-Sri Lanka Joint Commission and frequent contacts at all levels including at the highest political level. The overall trade turnover has grown five times since the entry into force of the ISFTA. Sri Lankan exports to India have grown 10 times while Indian exports, mostly on the non-FTA route, have grown by 5 times. India became the third largest export destination for Sri Lankan products (rising from 16th rank) as a result of FTA. Following the success of ISFTA, both countries started negotiations for CEPA. CEPA seeks to include services, investment and will impart renewed impetus and synergy to bilateral economic relations (See Chapter No. 4).

- It has been noted that regional political parties of Tamil Nadu keep making subtle shifts in their stand according to the changing conditions and circumstances in Sri Lanka which in turn influences India-Sri Lanka relationship. Despite of their internal differences and mutual hatred for each other, the Dravidan parties DMK and AIADMK had taken a nearly common stand on the ethnic conflict and also approached government of India for permanent solution. But on the other side, the DMK passed a resolution on 27th August 1983 in Tamil Nadu legislative assembly and demanded a separate “Tamil Eelam” for Tamil people in Sri Lanka. On the issue of Indo-Sri Lanka agreement signed on 29th July 1987, AIADMK supported this accord. But on the other side, DMK opposed it and launched a massive protest against the IPKF. When the IPKF was withdrawn from Sri Lanka and particularly after the assassination of Rajiv Gandhi both the political parties became silent and hesitated to give any statement. In the post LTTE era, M. Karunanidhi stated in the Tamil Nadu Legislative Assembly, attaining the goal of “Tamil Eelam” was not a realistic goal. He advocated, the need of the hour
is for the Tamils to carry on their struggle “for equal rights, equal status for their language and devolution of power at the regional level.”

- Although LTTE has been decimated, yet the government of Sri Lanka has failed to fulfill Tamil aspirations i.e., devolution of powers and political reconciliation. After the military defeat of the LTTE, the larger issue of satisfying the aggrieved Tamil minority populations still remains untouched. The government’s successful war effort has diverted popular attention from implementing devolution package for Tamils. Sri Lankan government is trying to substitute concrete devolution of powers, as promised during war to reconciliation. For reconciliation also, the basic aspirations of the Tamil and other ethnic minorities would be met. For this, proportional representation to the Tamils in the Legislature, civil services, the armed forces and the universities are being considered. All these aspirations as stated earlier can be met within the frame work of federal form of government.

- The study concluded that the military victory over the LTTE has reaffirmed the hegemonic hold of majoritarianism over the Sri Lankan state. The trajectory of the post civil war politics is still in the process of being formed. The agenda of democratic reforms and political rights of the minorities may not be at the centre of political agenda of either the ruling party or the opposition. In the post-LTTE politics, the minorities may also not pursue the state reform agenda with the same degree of ardour and commitment as in the past.

Suggestions

- Finally, it is assumed that difference in opinion will always exist but there is always a scope of further cooperation between the two countries. There is a strong possibility that they can explore new areas of cooperation in view of their proximity, common roots in language, religion, culture and life style etc.

- In a plural society, ethnic, linguistic, religious and cultural conflicts are bound to arise. So, in a plural society, devolutions of powers are the best and most suitable solution. Only a federal set up of government can remove all points of friction among ethnic groups. All ethnic communities would be able to reconcile their aspirations with a larger loyalty toward their nation.

- India and Sri Lanka should move ahead to adopt CEPA, the disciplinary framework already negotiated by both the governments to open up avenues
for service trade, advance goods trade, enable investment flows and overall economic co-operation.

- The main task of the government of both the countries is to maintain the same pattern of relation by providing a continuity in co-operation and strengthening their mutual understanding in order to take their relations to the new level of excellence and to develop model relationship which can be emulated by other countries in South Asia.

- Undoubtedly, there are political factors that need to be addressed. Reconciliation between different ethnic communities, shattered and poisoned by the terrorist war is one. Sri Lanka needs to be pragmatic as well as principled in dealing with these and other issues. Nevertheless, the primary focus of the government and the people needs to be placed on economic factors and prospects which would undoubtedly facilitate the resolution of the other seemingly intractable political issues.

- India needs to ensure that administrative structure in Sri Lanka were not bias towards the minorities and gives each group a fair share in authority.

- Despite the difference between India and Sri Lanka, the two countries must necessarily pull together and stand united at least in the interest of their security.

- Regional association like SAARC must be sustained and strengthened. All forms of terrorism, individual as well as state must be opposed.

In nutshell, there had been ups and downs in the relationship between India and Sri Lanka mainly due to the ebb and tide of their differing perceptions on local, national and international priorities. Issues relating to geo-strategic security and status of the people of Indian origin in Sri Lanka were the two main issues that had dominated their relationship till the Black July riots of July 1983 and the developments in its aftermath started occupying prominent place in India-Sri Lanka relationship. Divergences over issues of statelessness, problem of Indian Tamils and the Kachchativu dispute did not generate much bitterness between two countries because both the countries tried to solve these issues through various agreements, though there remained inbuilt divergences of imbalances in the historical setting and proximity. It is hoped that a strong and stable Congress party government will
ensure that the defeat of the LTTE by the Sri Lankan Government forces translates into sustainable peace with justice for minorities on the island. The end of the conflict with the LTTE has brought about a greater possibility for peace and stability in Sri Lanka and its neighbourhood. This has presented Sri Lanka with an opportunity to heal the wounds created by decades of protracted ethnic conflict. It has also opened up greater options for India and Sri Lanka to cooperate bilaterally and enlarge the area of engagement in the post 1990 phase. This study concludes that relationship between India and Sri Lanka are at the highest level of cordiality. This study gives projections that India and Sri Lanka will have to construct development partnership and security cooperation in the coming years.